

POSCO TO ACQUIRE 15% of BLACK ROCK MINING FOR USD\$7.5m

HIGHLIGHTS

- POSCO to invest USD\$7.5m to acquire 15% of Black Rock
- POSCO secures a Right to Life of Mine Offtake Supply for 100% of Graphite Fines from Mahenge Module 1
- Placement price of AUD\$0.082 per share represents a 23% premium to the 30-day VWAP prior to the agreed share price standstill date
- POSCO has the right to nominate a director to the Board of Black Rock
- POSCO & Black Rock to finalise a Long-Form Offtake & Prepayment Agreement
- Black Rock receives access to a Prepayment Facility of up to USD\$20m

Tanzanian graphite developer Black Rock Mining Limited (ASX:BKT) (Black Rock or the Company) is pleased to announce that, subject to a final internal POSCO Group of Korea ("POSCO") approval process, it has agreed an Investment Term Sheet with POSCO for the placement of USD\$7.5m worth of shares in Black Rock to acquire an equity interest of 15%. Black Rock is to issue a total of 126,020,001 shares at an issue price of AUD\$0.082 per share. This represents a 23% premium to the 30-day VWAP and a 15% premium to the 15-day VWAP, prior to the agreed share price standstill date of 20 November 2020 (refer ASX announcement on 23 November 2020). Subject to POSCO maintaining a minimum of 10% equity interest in Black Rock, POSCO has the right to nominate a director to the board of Black Rock.

Following the signing of the Strategic Alliance & Development MOU in June 2020 and then the completion of POSCO's due diligence in November 2020, as announced on 23 November 2020, both Black Rock and POSCO rapidly moved onto the next phase of its Strategic Alliance which was to execute an Investment Term Sheet ("Term Sheet").

Commenting on the Term Sheet with POSCO, Black Rock Managing Director and CEO, John de Vries said:

"Developing a Strategic Alliance Partnership with a global major multi-national such as POSCO for a junior exploration company like Black Rock is a significant milestone for our Company. This is not an overnight success story, we've been thorough and diligent to ensure we executed our strategy to develop a collaborative strategic alliance with a Global Major in the Lithium-Ion Battery Anode supply chain. It takes patience, quality and perseverance to secure a global major strategic alliance, from our initial meeting with POSCO in 2017, through to POSCO's site visit to our Mahenge Graphite Project in 2018 and then our ongoing testing of our Graphite Concentrate & Spheronised Purified Graphite through to the 2019-2020 due diligence and clearance of POSCO's internal gates on meeting their primary, secondary and tertiary specifications for downstream processing.

We know and understand that Mahenge Graphite has been verified as the best-in-class globally and we have conducted the largest global pilot testworks. This coupled with a potentially long mine life, an exceptional definitive feasibility study and a low cost of production are the reasons why POSCO has chosen Black Rock as its preferred Graphite Anode supplier."

Commenting on the Strategic Alliance with Black Rock, POSCO's Project Manager said:

"As part of our process to secure a long term, low cost & high-quality Graphite Anode supplier, POSCO undertook an extensive global process to ensure we aligned ourselves with the best and highest quality undeveloped Graphite Project. In Black Rock's Mahenge Graphite Project, we have secured access to a high-quality project and a capable team that will allow our LiB Materials Business to execute its strategy to ensure it has a diversified anode supply chain. We look forward to further developing our Strategic Alliance with Black Rock including finalising the long-form offtake & prepayment agreement."

Following the execution of the Term Sheet, the agreement is to be tabled and presented to a final internal approval-gate process within POSCO, with that approval expected to occur on or before 15 January 2021. Once this final process of approval has been completed the terms of the Term Sheet will be binding on both parties and a Subscription Deed and Shareholder Rights Umbrella Deed are to be executed as an addendum to the Term Sheet.

In addition, the Term Sheet is subject to the satisfaction of the following Conditions Precedent:

- any necessary third party and regulatory approvals having been obtained for the transaction including the Australian Foreign Investment Review Board approval; and
- any necessary internal approvals by either party including POSCO's Final Investment Decision,

with the conditions precedent to be satisfied within 90 days of when the Subscription Deed and Shareholder Rights Umbrella Deed being signed.

Long-Form Offtake & Prepayment Agreement

The parties intend to negotiate an offtake and prepayment agreement pursuant to which POSCO will acquire between 20,000 to 40,000 tonnes per annum of minus 195 flake graphite for the life of mine production from Module 1 of the plant to be constructed at Mahenge. The terms of purchase are to be negotiated as part of the long-form offtake & prepayment agreement. In addition, POSCO has indicated a preparedness to provide between USD\$10 million to USD\$20 million as a prepayment facility, with the facility to be used as development funding for the Mahenge Graphite Project.

The parties have agreed to use their reasonable endeavours to execute a formal long-form offtake & prepayment agreement by 31 March 2021 to give effect to the above intention.

Please refer to Annexure A for the key terms of the Term Sheet and the ASX announcement on 23 November 2020 for details of the due diligence process and clearance from POSCO.

This ASX release was authorised on behalf of the Black Rock Board by:

John de Vries, Managing Director & CEO

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About POSCO

POSCO is a diversified Korean industrial company and the world's fourth largest steel producer, with a market capitalisation of approx. AUD\$25 billion. POSCO, through its speciality chemicals unit, POSCO Chemical Co Ltd, is a global participant in the LiB supply chain with dedicated manufacturing facilities for both anode and cathode materials. In March 2020, POSCO Chemical Co Ltd committed US\$178 million to a 16,000 tonne per annum synthetic graphite facility in the Pohang Blue Valley National Industrial Complex, in North Gyeongbuk Province Korea. The POSCO group also holds lithium assets in Argentina and nickel assets in Madagascar.

Annexure A: Material Clauses of the Strategic Alliance Investment Term Sheet

Key Term	Description
POSCO's Investment	USD\$7,500,000
POSCO's ownership in Black Rock¹	15%
Total shares placed	126,020,001
Placement price² per share	AUD\$0.082
POSCO Board Position	1 Non-Executive Director <ul style="list-style-type: none"> ○ Subject to POSCO maintaining an equity interest in Black Rock of at least 10%
Participation right	POSCO to be invited to participate in certain issue of securities by Black Rock for so long as POSCO holds an equity interest in BKT of at least 10%
Offtake Rights³	Posco has the right to take 100% of the Graphite Fines Concentrate from Module 1 of the Mahenge Graphite Plant
Offtake Pricing³	At an agreed Offtake Price to be determined from the Asian Metals Flake Graphite Index
Module 2 - 4 Offtake Rights³	POSCO has the right to make the first offer for the Graphite Fines Concentrate for Modules 2, 3 and 4 of the Mahenge Graphite Project
Prepayment²	POSCO to provide a cash prepayment facility to Black Rock and/or an additional capital contribution of between USD\$10 to \$20 million
Binding	The Term Sheet does not become binding on either party until POSCO's final investment decision expected on or before 15 January 2021.
Conditions Precedent	The conditions are: <ul style="list-style-type: none"> ○ any necessary third party and regulatory approvals having been obtained for the contemplated transactions including the Australian Foreign Investment Review Board approval; and ○ any further necessary internal approvals by either party with conditions precedent to be satisfied within 90 days of the Subscription Deed and Shareholder Rights Umbrella deed are signed
Exclusivity	To be maintained until the offtake and prepayment long-form agreement has been entered into or the Term Sheet has been terminated

1. *Ownership of 15% by POSCO in Black Rock, allows for the issue of approximately 3.88m shares to directors & consultants as agreed at the Company's 2020 AGM. The share issue was approved as part of a cost saving & austerity programme under the company's shares in lieu of salaries & fees arrangement*
2. *Share Price is based on the standstill share price formula per the ASX announcement on 23 November 2020 and the Reserve Bank of Australia FX Rate for AUD/USD leading up to the standstill share price date*
3. *Terms of the offtake & prepayment to be finalised and agreed in the long-form offtake and prepayment agreement expected to be completed on or before 31 March 2021*

About Black Rock

Black Rock Mining Limited is an Australian based company listed on the Australian Securities Exchange (ASX:BKT). The Company has a 100% interest in the Mahenge Graphite Project (**Project**) located in Tanzania. The Project has a JORC compliant Mineral Resource Estimate of 212m tonnes at 7.8% TGC. It also has Ore Reserves of 70m tonnes at 8.5% TGC. The Ore Reserves support a mine life of up to 350k tonnes of graphite per annum for a reserve life of 16 years. Since the release of the Mineral Resource Estimate, the Company confirms that it is not aware of any new information or data that materially affects the mineral resources estimate.

In October 2018, the Company released a Definitive Feasibility Study (DFS) for the Project, which was based on strong customer demand. This was enhanced in July 2019 (refer to ASX release 25 July 2019), and demonstrates exceptional financial metrics including:

- *Low Capex*: Lowest peak capital expenditure of US\$116M for phase one*;
- *High Margin*: AISC margin of 63.1%;
- *Low Technical Risk*: Substantial pilot plant operations run of 110 tonnes; and
- *Superior Economics*: IRR of 44.8% with NPV₁₀ of US\$1.16bn (A\$1.65bn**)

In February 2019, the Company announced receipt of its mining licence for the DFS project.

In May 2019, the Company announced it had substantially allocated planned production with up to 255k tonnes per annum of graphite committed to sale by year three of production, through Pricing Framework Agreements (refer to ASX release 8 May 2019). The Company is progressing these agreements into binding offtake commitments.

Following release of the enhanced DFS (eDFS) in July 2019, the Company confirms that it is not aware of any new data or information that materially affects the results of the eDFS and that all material assumptions and, in the case of estimates of Mineral Resources or Ore Reserves, technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

The estimated Ore Reserves and Mineral Resources underpinning the production target has been prepared by competent persons in accordance with the requirements in Appendix 5A (JORC Code).

The Company is currently progressing financing discussions and detailed engineering with a view to commencing construction of the mine.

JORC Compliant Mineral Resource Estimate and Ore Reserve***

Ore Reserves	Tonnes (Mt)	Grade (% TGC)	Contained Graphite (Mt)
- Proven	0	0.0	0.0
- Probable	69.6	8.5	6.0
Total Ore Reserves	69.6	8.5	6.0
Mineral Resources			
- Measured	25.5	8.6	2.2
- Indicated	88.1	7.9	6.9
Total M&I	113.6	8.1	9.1
- Inferred	98.3	7.6	7.4
Total M, I&I	211.9	7.8	16.6



For further information on Black Rock Mining Ltd, please visit www.blackrockmining.com.au

* Forecast Capex has been classified as a Class 3 estimate with accuracy of ±10% as defined by AACE

** \$AUD/USD 0.70

*** Resource and Ore Reserve Estimates as released to ASX on 8 August 2017 Optimised PFS